



**Trip Report:
Zambia, Tanzania and Mauritius
Hub assessment**

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Purpose of Trip and Highlights

To accompany the assessment team in conducting export competitiveness studies for agriculture and textile-based sectors. In a relatively short period of time, the team managed to meet key individuals in government ministries, business associations, companies and donor agencies. This would not have been possible without assistance from Hub project staff, bilateral USAID missions, Embassies and national stakeholders.

Another purpose of the trip in line with work plan objectives was to monitor progress being made in implementation of export marketing strategies facilitated by the Hub within the last year. To that end meetings were held with ZAMTIE and key members of the Zambia AGOA strategy implementation committee to discuss latest developments, such as the establishment of a National Export Crop Committee focusing on market potential for specific commodities.

At the request of U.S. Embassy in Tanzania, the Hub was also represented at the Dar es Salaam International Trade Fair. The Hub's participation was highly appreciated – see letter of acknowledgement from Ambassador Royall to be handed to Pat Fleuret by Nancy Jaffie. The consultants benefited greatly from attendance at the fair where many private companies were represented.

In addition, Tanzania is embarking upon implementation of a national export promotion strategy that focuses on the agricultural and textiles sectors. More details will be provided in this report and the assessment report to be produced by the consultants.

At the invitation of the U.S. Embassy and the Mauritius Chamber of Agriculture, the Hub was represented in high-level discussions on export diversification programs in the agricultural sector, including plans to organize an “Agribusiness Regional Linkages workshop” in April 2004. The U.S. Ambassador is requesting assistance from the Hub in facilitating this event and an official letter will be sent to the Hub Manager shortly.

Issues, Constraints and Opportunities Raised during Meeting Consultations (Assessment Team members will provide more extensive analysis)

Zambia

USAID Zambia, Dan Griffiths, provided a brief outline of the Country Plan Strategy to enhance private sector competitiveness. In summary, the key objectives are as follows:

- Increase export competitiveness of horticulture and other agricultural crops and provide greater market access for “small holders”
- Promote value addition through application of product technologies that enhance competitiveness
- Provide greater access to capital and create better enabling environment for export growth

- Encourage market information network among business development services providers
- Build institutional capacity for export led growth
- Reduce high costs of transport and address other constraints

Mr. Chris Sealy, Program Manager, *EU Private Sector Development Program* highlighted key initiatives designed to encourage sector diversification in mining and agriculture.

- Mining Sector Diversification Program where approximately \$18 million has been earmarked to develop marble, granite and gemstone production
- Stimulate nontraditional agricultural exports including coffee, textiles, roses, horticultural products, vegetables
- Expand the 6 windows of the PSDP: training for micro-entrepreneurs, TA for SMEs, FDI, lending facilities for SMEs in mining, tourism, manufacturing, and agro-processing, capacity building for business services organizations, and finalizing studies on financial restructuring programs in key sectors

The EU is working closely with other donors, including ZAMTIE to implement these programs.

Constraints that were highlighted include: high government borrowing and lack of access to capital for private sector, lack of coherent export promotion strategy and government incentives to stimulate investment in key sectors, including infrastructure.

Opportunities highlighted include: development of public/private sector dialogue that results in an action plan to support private sector led growth in new export markets through creation of attractive investment incentives.

Mr. Maxwell Sichula, Executive Secretary, *Zambia Chamber of Small and Medium Business Associations (ZCSMBA)* provided an overview of small enterprise development programs undertaken within the last 3 years. There are 34 District Business Associations (DBAs) registered with 9 representatives from each province.

Membership includes 8,000 enterprises and individual businesses and is expanding. Services provided include: training, lobbying, market information development. An MOU has been signed with the Zambian Export Board to identify products with highest export potential (for ex: tubers, honey et al)

The government recognizes ZCSMBA as an important agent for change and Parliament has agreed to accept their recommendations on key trade policy issues.

Constraints highlighted during our discussions with ZAMTIE include:

- Cumbersome PRAs and long lead time for access to US markets
- Tax system

- Levies on production of agricultural goods
- Limited ability to meet market requirements on a regional and international basis vis a vis other African producers
- Lack of access to finance

Hub intervention would be highly appreciated in the areas of: capacity building (skills training especially for outgrower farms), market identification for specific commodities, market access, standards and regulatory compliance training, product development (branding/marketing) and technical knowledge on how to grow crops that create wealth and generate employment; and development of PPP (public private sector partnerships) to build consensus on national export strategy action plan (initiated by Hub last year).

The meeting with *World Bank* Senior Economist, Mr. Constantine Chikosi, indicated that the Investment Climate Assessment (ICA) report will be released end September. That report will issue recommendations on a reform agenda that addresses bureaucratic impediments to investment promotion. ICA studies have been completed for Mozambique, Uganda and Tanzania.

From an operational standpoint the World Bank supports the SEED – Support for Economic Expansion and Diversification Program - a \$40-45 million program that focuses on tourism, gemstones and agribusiness.

The Bank is also working on post-privatization support since many companies are not competitive and there has been a serious backlash of resentment among key stakeholders in the country.

During our meeting with the successful *Export Board of Zambia*, the team was informed it is now no longer donor-dependent and derives revenue from members. Members have benefited from trade show participation and access to information on export markets.

Mr. Glyne Michelo, Acting ED, clearly stated how the Hub can assist the Board to improve services delivery to members:

- Provide timely, up-to-date market information
- Establish liaison offices in regional markets ie. Angola, RSA, DRC, Mozambique, Malawi and even the US (ALINC should be the connection there)
- Enhance exposure to new foreign markets by commodity, sector
- Provide training for business ie. business management, marketing tools, accounting and “training the trainers” programs

Tanzania

Mr. Fred Maeda, *US Embassy* Commercial Assistant was instrumental in meeting coordination and provision of background information to our team regarding program priorities. He highlighted aspects of donor coordinated private sector development initiatives to enhance export competitiveness in key sectors. These include SIDO

(Sweden), CEDA (Canada), UNIDO, DANIDA (Denmark), UNCTAD and DFID (UK). Although Tanzania's budget is highly donor dependent (40-45%) programs are being coordinated in a systematic way.

During our subsequent meeting with the World Bank we were informed Tanzania is now preparing Integrated Framework (multi-donor) program implementation strategy with the assistance of UNCTAD/ITC. Key government priorities in export promotion include: develop agro-processing industries, decrease costs of production, enhance product quality through standards compliance including grading and packaging and create a more conducive environment for doing business.

A new Secretariat has been established within the Ministry of Privatization and Planning to execute action plans.

The new budget document released by the government outlines major reforms in the tax structure (removal of nuisance taxes), land ownership policies, funding (making resources available to small scale businesses in fisheries, livestock, manufacturing and agricultural production) and export credit guarantee system.

The main goal and objective in agricultural production, according to the *Ministry of Agriculture*, is market-led product development. Producers need to be able to meet quality standards and deliver products to market in a timely fashion.

There are regional market opportunities for Tanzania in production of horticultural products and specific commodities including maize, sisal, rice, coffee, cotton, cashews, tea and rice.

The *Ministry of Trade* made an outstanding presentation on export development priorities, opportunities, constraints and technical assistance requirements; I will outline those pertaining to agricultural market development.

Priority sectors include agro-based industries, textiles and leather. Within category number 1 there are 7 sub-sectors: (1) horticulture (2) spices (cardimoms and cloves) (3) floriculture, (4) tea (5) coffees (6) cashews and (7) oilseeds

The constraints to export are as follows:

- Lack of technical capacity and training in marketing and production techniques
- Market segmentation
- Lack of large-scale investments and access to local finance
- No clear marketing strategy (now being formulated)
- Inadequate infrastructure

Action steps needed to address these problems – possible Hub intervention

- Prioritize 2-3 crops in terms of export competitiveness – help producers find buyers
- Promote FDI, especially joint-ventures
- Provide training in modern packaging/marketing techniques through extension Services
- Encourage product diversification
- Provide assistance with SPS and lab accreditation procedures
- Forge PPPs

The *Tanzanian Chamber of Industry and Agriculture* underscored the importance of MTI recommendations; and re-emphasized the importance of agro-processing development as a key strategy of the government and private sector.

Mauritius

In Mauritius the focus of our meeting deliberations were quite specific. The government and private sector associations want to host the first in a series of workshops/trade expos on regional agribusiness linkages trade– from farm to market.

This idea originated from the Chamber of Agriculture during a presentation made on Hub activities during a meeting in RSA sponsored by the UNCTAD/ITC on “Business Advocacy for Cancun.”

Meetings with the Chamber principals, the Mauritius Industrial Development Authority, U.S. Embassy (including the Ambassador) and the Freeport Authority resulted in unanimous consensus that the region would benefit from an action plan on creation of regional business linkages that convert/transform raw products into finished processed products to be sold in local, regional and international markets. Themes to be addressed at the workshop include: product quality management, standards/certification procedures, financial support mechanisms, market segmentation, identification of potential export markets, trade facilitation and market access issues.

Although Mauritius is a small island with inherent cost of production constraints, the Freeport Authority houses approximately 300 companies that take advantage of export processing zone facilities to transform, assemble and package products for target markets abroad.